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October 19, 2005

VIA HAND-DELIVERY

JOHN W. FLITTER
DIRECTOR
ELECTRIC & GAS REGULATION

Charles L.A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

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2005 OCT 20 AM 11:04
SC PUBLIC SERVICE COMMISSION
10/20/05
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PSO SC
DOCKETING DEPT.

Re: Docket No. 2005-332-E – Petition of Duke Power, a Division of Duke Energy Corporation, For a Declaratory Order

Dear Mr. Terreni,

This is to inform the Public Service Commission that the Office of Regulatory Staff (ORS) has reviewed the above referenced filing and based on the following facts, ORS does not have an objection to the Company's request for a Declaratory Order from the Commission concerning replacement units at the Company's Lee Steam Station. The Lee Steam Station is located on the Saluda River in Anderson County, South Carolina. The Company is replacing three older combustion turbine units with a total capacity rating of approximately ninety megawatts with two new combustion turbines with a total capacity rating of approximately eighty-two megawatts. These turbines provide a critical emergency power back-up function for the Oconee Nuclear Station. Due to the age of the three existing units, thirty to forty years, the Company states that it is difficult and expensive to maintain an adequate inventory of replacement parts. The Company indicates that it has applied for and received the appropriate construction permit for these two new proposed units.

The Siting Act generally requires that a Certificate be acquired from the Public Service Commission prior to commencement of construction and operation of any non-hydroelectric generating plant capable of operating at more than seventy-five megawatts. In addition there is an exception under the Act which allows that replacement of an existing facility with a like facility, as determined by the Commission, shall not constitute construction of a facility subject to the Act. Since these two replacement turbines are to be located in the same footprint as the existing units, are of the approximate total capacity rating as the existing units, and are to perform the same basic emergency back-up function as the existing units, it appears these two replacement units fall under this exception to the Certification requirement.

Thank you for the opportunity to provide our comments in this matter.

Sincerely,


John W. Flitter

JWF/swh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Florence Belser, General Counsel, SC ORS
William F. Austin, Esquire
Dr. James Spearman, Executive Assistant, SCPSC

RETURN DATE: N/A
SERVICE: ok to cd